



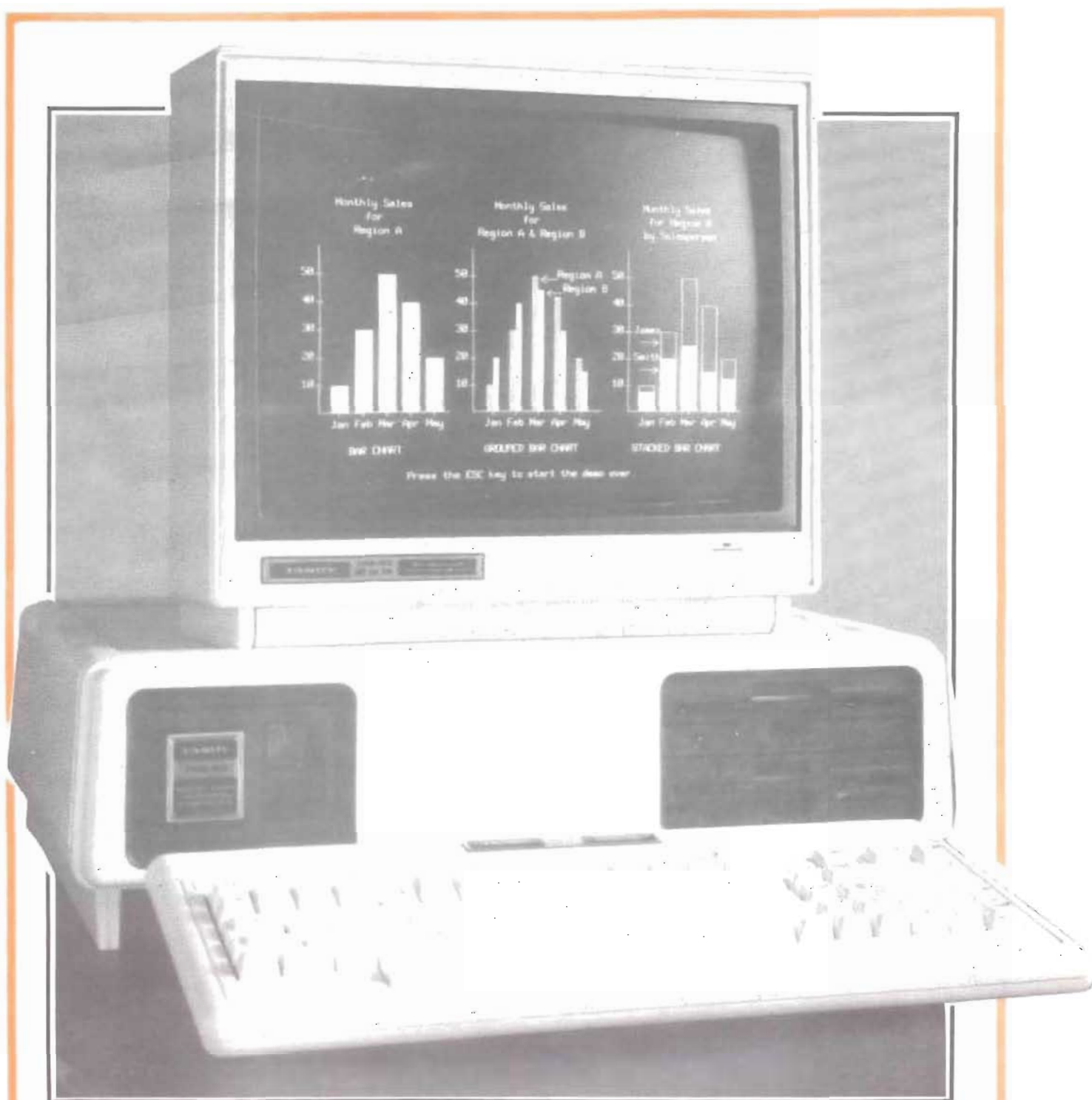
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VICTORIA'S JOURNAL OF CO-OPERATIVE AFFAIRS

P.O. BOX 21 CARLTON SOUTH 3053 VICTORIA. TEL (03) 419 9877



Health Risks of Screen Equipment

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The Ministerial Advisory Committee on Co-operation

MINISTERIAL ADVISORY COMMITTEE ON CO-OPERATION

The Ministerial Advisory Committee on Co-operation is reviewing the Co-operation Act and mechanisms for the development of co-operation in Victoria.

MACC has already issued an information paper:
'The Development of the Co-operative Movement in Victoria'.
Copies of the paper are available from the Legal and Registry Division
Ministry of Housing – telephone (03) 669 1718

Staff of the Legal and Registry Division, Ministry of Housing
are available to meet with individuals and groups on request.

For further information contact: Ms Maureen Hopper, Secretary,
Ministerial Advisory Committee in Co-operation, c/- Ministry of Housing,
21st Floor, 250 Elizabeth Street, Melbourne, 3000
Telephone (03) 669 1718 or 669 1765

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The Co-operator

VICTORIA'S JOURNAL OF CO-OPERATIVE AFFAIRS

The Co-operator is published every month by Gay Publications Co-operative Limited, 87 King William Street, Fitzroy 3065, Victoria. *The Co-operator* welcomes contributions from all sections of the co-operative movement throughout Victoria. Articles should be typed, preferably double-spaced, and should reach *The Co-operator* no later than the last Friday of the month prior to publication. Receipt of articles will be taken by the Editor as constituting permission to publish unless the contrary is specifically indicated. Typescripts will not be returned unless accompanied by a stamped self-addressed envelope. All articles submitted for publication must carry the name and address of the author. Signed articles do not necessarily represent the views of Gay Publications Co-operative. The Editor reserves the right to edit all articles prior to publication.

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The Co-operator will be accepting paid display advertising in future issues. Advertisers should contact Ken Allison on (03) 419 9877.

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Editorial

Victorian Co-operatives: Walking Sideways Into the Future?

Amid the heat and dust of the recent Victorian election, little of substance managed to rise above the cloud of rhetoric which has become the hallmark of most modern campaigns. One of the significant statements to emerge (only to be subsequently ignored) was the Anti-Poverty Strategy, which formed part of the background notes to Premier John Cain's campaign speech. This report began by acknowledging the ever-increasing number of families living below the poverty line, and went on to affirm the important role of state government in combatting this crisis. It identified a series of government initiatives planned over the next four years. The most interesting aspect of these initiatives is the clear and significant role accorded to the co-operative movement in Victoria's proposed attack on poverty. This is highlighted by two major proposals for a Community Credit Program, and a Poverty Action Program.



John Cain

The report recognises the valuable functions performed by community-based credit organisations, particularly in advising and servicing low-income earners, and in assisting the development of financial skills in a co-operative and participatory setting. It commits the government to allocating an additional \$6 million to developing and supporting Credit Unions, Consumer Buying Advisory Services and Bulk-buying Co-operatives. This program is intended to strengthen the network of credit advocacy for

low-income people and to improve the documentation of the problems they face. In particular, individual community based credit unions and community co-operatives will be given grants of up to \$100,000 per year and other "appropriate" forms of financial support and government help to expand services such as bill-paying facilities, financial advice, debt re-scheduling, reinsurance and loan guarantees, and to buy additional management skills and equipment.

In addition to these allocations, the policy promises funding for the newer Consumer Buying Advisory Services. These are seen as an important link in the network of consumer legal and adviser services. To assist the viability of bulk-buying consumer co-operatives, the report promises support for the establishment of a co-operative warehouse and development centre. This "master co-operative" is intended to serve existing and developing co-operatives. It will provide practical training in financial management, buying and marketing, and will bulk-buy on behalf of all participatory co-operatives.

Apart from these initiatives, the government intends earmarking \$4 million over the next four years to a Poverty Action Program which will aim at increasing participation in decision making and the development of new skills to combat poverty. It also announced, through the paper, its target of 12,000 new public housing units for 1985/88. This is not the first time state government has shown an interest in the capacity of co-operatives to deal with social issues. The work of the Housing Ministry in promoting rental housing co-operatives and the role of the former Ministry of Employment and Training in supporting food and worker co-operatives are real and significant examples of government confidence in co-operation and self-help strategies. In this regard, it is to be hoped that any new initiatives aimed at promoting co-operatives will be consistent with existing programs. The post-election reorganisation of the Ministry of Employment and Training into the Department of Employment and Industrial Affairs has left the future of various programs, including the CDP, up in the air. It would be a retrograde step if, in the general sweep-out which invariably occurs with the reorganisation of bureaucracy, the CDP became the victim of new brooms.

The government's election platform has made clear its respect for co-operatives as a means of organising against poverty and its acknowledgement of the necessity to support and endorse the co-operative sector. Until now, the CDP has been one of the few tangible initiatives in this regard. If food co-ops and worker co-ops are to play a significant role in the future, it is urgent that the government reaffirms its commitment to those gains already made by upgrading its existing programs as well as implementing its new initiatives.

• The Co-operator

New Ministers In Co-op Affairs

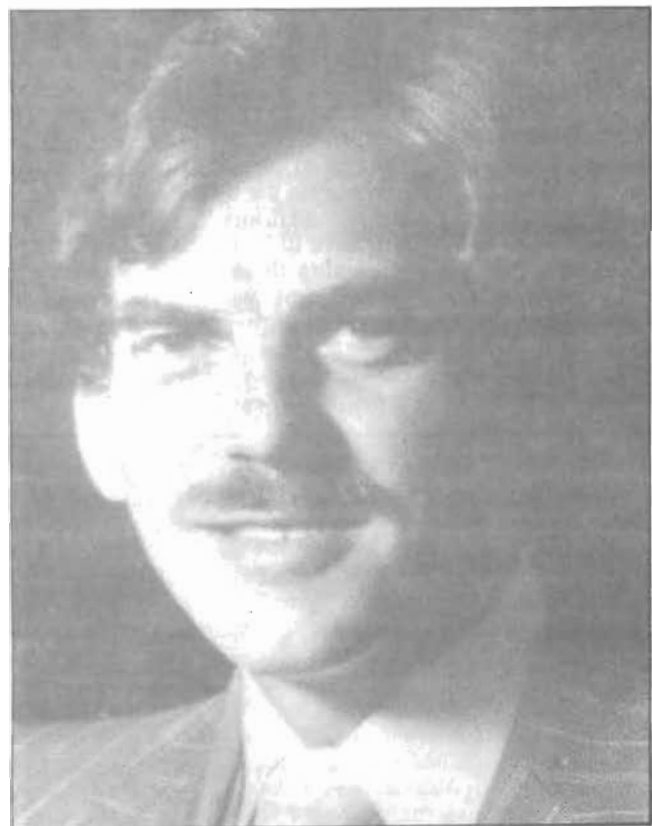
The aftermath of the Victorian state elections sees new ministers in charge of both the departments that have responsibilities in the area of co-operative affairs.

Mr Jim Simmonds, the former Minister for Employment and Training, which administered the Co-operative Development Program, has been moved to Local Government. Employment and Training has become part of the new Department of Employment and Industrial Relations (DEIR), a portfolio now to be held by Mr Steve Crabb, formerly Transport Minister. Meanwhile, the Housing portfolio, which includes the administration of the

Co-operation Act, passes to Mr Frank Wilkes, formerly Minister for Local Government. Mr Ian Cathie, the former Housing Minister, has been moved to the Education portfolio.

Mr Crabb brings to DEIR a reputation for imaginative administration combined with a firm budgetary hand. He is a leader of the ALP's Centre Unity faction, to which Mr Wilkes also belongs. By contrast, Mr Simmonds is a member of the Socialist Left, and Mr Cathie is non-aligned but left-leaning. Whether this factional shift brings changes to the co-operative area remains to be seen.

On the other side of the aisle, Ms Prue Sibree, who was Shadow Minister for Employment and Training in the last Parliament, has been dropped from the Liberal front-bench as a result of her falling out with the Opposition Leader, Mr Jeff Kennett.



Frank Wilkes (above)
Steve Crabb (left)

Co-operative Taxation Under Attack

Attempts to alter the taxation status of co-operatives as part of the Federal Government's overhaul of the taxation system will be "disastrous" for the co-operative sector in Australia, according to the Executive Director of the Co-operative Federation of Australia, Mr Bruce Freeman.

In a letter to all co-operatives, Mr Freeman warns that "nothing will be sacred when it comes time to offer the sacrificial lamb", and that "it is imperative that we do not permit co-operatives to be a casualty in the shuffle to balance out revenues lost by cuts made in personal taxes".

The co-operative sector in Australia currently enjoys certain privileges under Division 9 and Section 23G of the Income Tax Assessment Act, in recognition of the unique structure of co-operatives, providing specific taxation rules which differentiate co-operative taxation from investor-owned

business taxation.

This recognition currently prohibits co-operatives that comply with Division 9 from being taxed on the dividends, rebates and bonuses paid by the co-operative, and exempts credit unions from the payment of income tax in respect of income paid to the credit union in the form of interest on members' loans under Section 23G.

Efforts have been made to repeal Division 9 and Section 23G in the past, and Mr Freeman now warns that "parties hostile to the co-operative

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sector" will again be pushing for elimination of the co-operative taxation position. "If these parties succeed," he says, "the effects will be disastrous for the co-operative sector".

As an example of the effects of a revision of the tax position of co-operatives, Mr Freeman cites the case of a co-operative with an annual surplus of \$100,000 returned to members in the form of rebates,

dividends or bonuses, or \$100,000 surplus from interest on members' loans. In this case, the elimination of Division 9 and Section 23G could result in a tax of \$46,000 on this surplus, thus reducing returns to members by almost half. "Such a taxation burden," Mr Freeman says, "would directly undermine the very structure of the co-operative sector, and would deprive members of funds that previously belonged to them and that should continue to belong to them".

In response to this threat the Co-operative Federation is holding state conferences of co-operatives in each state, and will hold a national co-operative taxation summit in Canberra in May. This process will lead to the formulation of a co-operative taxation platform to present to the Federal Government at the National Taxation Summit in July. A submission will also be lodged with the Economic Planning Advisory Council for their consideration.

A Centre for Small Groups?

The long-running accommodation problems of many small community-based and self-help groups, including co-operatives, in Melbourne could be solved by an imaginative scheme. The Victorian Collective of Self-Help Groups (COSHG), an umbrella group for community organizations, is now well-advanced with a project to buy a building in Melbourne to serve as headquarters and resource centre for small groups.

Since 1980 some of Victoria's 500-odd community-based self-help

groups have been investigating the possibility of buying a building to meet needs that individual groups could not meet on their own, such as office space, meeting rooms and printing and photocopying facilities.

In 1981 the project was taken up by COSHG, and an interim management committee was formed, consisting of representatives of COSHG and the Victorian Council of Social Services (VCOSS), as well as representatives of two charitable trusts, the Victorian Community Foundation and the R E Ross Trust, which had expressed interest in helping to fund the project.

A group consisting of architects, builders and designers was contracted to prepare an architectural brief, spelling out in great detail the requirements in terms of design and

relationship of activities, as well as issues of management. Following this, a building that meets the majority of the agreed criteria was located, and approved by the interim committee. The building is Royston House at 247 Flinders Lane.

The R E Ross Trust has now agreed to grant \$680,000 for the purchase of Royston House, plus a further \$100,000 to restore the facade. The Victorian Community Foundation has agreed to raise a further \$470,000 to renovate the basement and the first and second floors. A further \$750,000 will have to be raised to renovate the remaining three floors. Purchase of the building will be subject to the Victorian Supreme Court agreeing to waive some requirements of Trust law concerning the investment of capital sums in real estate.

Worker Co-operation In Coventry

With a population of approximately 300,000 people, and being part of a regional economy once based on metal trades and vehicle manufacturing, the British West Midlands city of Coventry is no longer "Opportunity City" for the many thousands who flooded into its factories and offices during the boom years after 1945. The recession has damaged Coventry worse than most places.

As part of a recovery strategy the regional government, the West Midlands County Council, established a number of Co-operative Development Agencies to foster and extend the co-operative ideal in the area. Coventry was chosen in 1981 and now supports more than fifteen worker co-operatives varying in size from three to a hundred members and providing a range of products from disability appliances for senior citizens to light transport vehicles. A range of additional products are continually being fed to potential co-operators via the Unit for the Development of Alternative Products (UDAP), a unique venture founded by shop stewards and others interested in socially useful production. UDAP is located at Coventry Polytechnic and provides research and development facilities through its lecturers and undergraduate students. It is jointly funded by local government and charitable trusts.

Since early in 1984 co-operatives in Coventry have also been able to utilise a vacant factory site for their many activities. The Arches Industrial Estate is occupied by a number of co-operatives and other small businesses, each one leasing a production or administrative unit from which to run its operation. Besides the co-operative units, the site is occupied by the Co-operative Development Agency and by five workers employed to maintain a network of co-operative ventures in the city. An extensive library, communal business equipment, computer education and conference facilities also provide for a wide range of members' needs on a day-to-day basis. The site is managed by a co-operative management board of leaseholders.

Co-operative education and development has been provided on the site through ten-week introductory courses and, in 1983 and last year, Action Learning programmes, as a mechanism for self-development in the acquisition of business skills for new and mature co-operatives. The Action Learning programmes have provided a forum for the exploration of ideological and practical problems confronting co-operatives in Coventry and elsewhere. It is a unique and exciting application of self-development training whereby participants control their own learning programmes.

• Gareth Evans

(Gareth Evans is a Visiting Lecturer in Industrial Relations at the Gippsland Institute of Advanced Education. When in England he works in the Business and Management Department of Coventry (Lanchester) Polytechnic and was until January this year the Chairman of the Coventry Co-operative Development Agency.)

Sugar and Snails

1985 is set to be an exciting year for Sugar and Snails press. In addition to the co-operative development funding approved by MEAT in 1984, the co-operative has received an innovations grant under the Ministry's Affirmative Employment Program. This money will enable the press to produce a 28 panel wall frieze depicting women in non-traditional employment. Ann James, popular children's illustrator, has been

commissioned to illustrate the frieze, which is intended for preschool and primary-level children.

The minister has asked for the co-operation of the Ministers of Education and Health to ensure free distribution to every Victorian pre- and primary school. Senator Susan Ryan has indicated support for eventual national dissemination.

The third edition of the popular *Sugar and Snails Guide to Non-Sexist Books for Children*, and two picture story books, *The Other Tansy* and *Balancing Act*, were launched in April, bringing to 57 the number of books produced by the co-operative. The two picture books mark a

welcome return to fiction. Since 1978 members have been concentrating their energies on the primary-level *Work Series* and secondary-level *On the Job* career series.

Further diversification is planned in the form of *Blast Off*, an activity resource book for release in October 1985, and a lower secondary history book with a food theme, to be released in February 1986.

If you would like a copy of the co-operative's *Author Guidelines*, send a stamped self-addressed envelope to Sugar and Snails Press, 192 Johnston Street, Fitzroy, 3065. For more information ring (03) 417 2873.

The Co-operative Movement In Nicaragua

Since 1979, when the Sandinista revolution overthrew the Somoza regime in Nicaragua, this small central American nation has been undergoing an economic and social transformation. In the face of increasing difficulties, including a US-backed counter-revolutionary war, the Sandinista government has sought to establish a fairer and more democratic economic order. Co-operatives have played a significant role in this process. Here, Lydia, a spokesperson for the John XXIII Institute, a non-government body with ties to the Catholic Church, explains to Peter Craig how the Institute and the Government have supported the development of the co-operative movement.

The John XXIII Institute was founded in 1970, and is based at the University of Central America. Its principal objective was to establish relations between the students of the University and the "popular sectors", the working-class sectors of the population. With the change of government which occurred in 1979, when the Sandinista

Government came to power, what occurred at that time was that the Government of National Reconstruction called on all the people of Nicaragua to work together for the benefit of the entire society. That call from the

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The triumph of the Sandinista movement, Nicaragua, 1979

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Government wasn't really something new for the Institute, because the Institute had as part of its principal philosophy the view that everybody should work together for the benefit of society. Since 1979, the Institute has undertaken the development of co-operatives as part of its contribution to the construction of a new economy.

The Institute itself has its own Director, Sub-Director, Secretary and its own workers. The Institute gets its funding from the CNS (National Council of Higher Education), and also from donations. These come from many overseas organisations, particularly Catholic ones, in North America, the Netherlands, Germany and other countries.

The Institute's work is concentrated mainly in the Northern region, which includes the cities of Esteli and Hinotega (this is the main area of fighting between the Nicaraguan government and the US-backed "contras"), the Central region, including Managua and Masaya, and the Western region, including Chinandega and Leon. Each region has its own "project promoter", who works on the Institute's projects in the region. These include production and service co-operatives, and also co-operatives which are involved in education.

The principal areas of work in these regions are these seven: agricultural co-operatives, craft and small industry, social development (this includes cafes and restaurants), housing, centres of food supply, appropriate technology, and social investigations and research. The area of investigation is co-ordinated by a department of the Institute, in co-operation with the different faculties here at the University. The Institute also undertakes six-monthly studies of its work, in order to send reports to the various agencies and institutions which support it, both national and international.

In 1985, the Institute has taken account of the situation in the national economy caused by the aggression that Nicaragua is suffering, which has caused among other things a shortage of basic grains. The Institute has therefore undertaken to prioritize the development of co-operative basic grain production, without discarding the other areas.

The Institute is involved in the development of co-operatives of many kinds. For example, there are carpentry co-operatives, clothing co-operatives, a co-operative soap factory, a co-operative brick and tile factory, many co-operative restaurants. The main social groups involved are the *campesinos*, (the peasant people), the industrial workers, and also the refugees from El Salvador. There are a number of projects involving Salvadorean refugees.

When a group of people get together and decide that they want to form a co-operative, they come to the John XXIII Institute. Those people then go through an educational course about working in a co-operative. That is called the "pre co-op stage". Then they go through a process where they achieve their legality, that is in respect of the formation of statutes and so on of the co-operative. At that stage they become a legal co-operative. Some groups have not gone through this formal process, so they are not legally co-operatives. These are usually called collectives, but there is little difference in practice between the two types.

The finance for co-operatives and collectives comes from the John XXIII Institute. Money is not just given to people, but takes the form of loans, which are paid back after a period of time, so that it is available for loan to other co-operatives. Co-operatives are not formed to make profits. They are formed to give a living to the people who work in them, and also to contribute to the social well-being of the nation as a whole. The people on the co-operative receive a fixed salary, and any surplus that is made (which is usually not great), will go to benefit the co-operative as a

whole. It can go into education, or into family assistance for the sick, or into maintaining and improving capital assets. Co-operatives have to operate within the national prices structure, which is formulated by the government.

During 1985 the Institute will be working on how to "inter-relate" the various co-operatives and their needs. For example, there is a women's co-operative that runs a soap factory in Esteli, and they have a transport need, because of the shortage of vehicles and gasoline caused by the war. In Esteli there is another co-operative that makes bricks. That co-operative has a truck, which was donated to them by a German agency. So now the Institute has arranged for the two co-operatives to use the truck on a joint benefit basis, to their mutual benefit.

Housing is also a great problem in Nicaragua, which until 1979 was the most under-developed nation in all of the Americas (today that distinction is held by Haiti). The Institute has attempted to ease the housing problem through co-operation, by supporting housing co-operatives, and helping them to buy housing materials from suppliers, that are themselves co-operatives. The Institute does not support the establishment of isolated co-operatives, that will have no relationship to other co-operatives. What they undertake is an integrated program, so that an area has a network of inter-related co-operatives.

WORKER CO-OPERATIVES

The Ministry of Employment and Training offers technical and financial assistance to support Worker Co-operatives.

These publications are available free:

Workplace Democracy: The Co-operative Way

Conversion Co-operatives

Viability Criteria

Worker Co-operatives in NSW and Victoria: A Policy Review.

A video-tape, *Workplace Democracy: The Co-operative Way*, is also available for loan.

For further information please contact:

Co-operative Development Program
Ministry of Employment and Training
Nauru House
80 Collins St
Melbourne Victoria 3000
(03) 658 6444.

Health & Safety

Screen Equipment And Your Health

It is now a commonplace that the workplace and the work process are undergoing a technological revolution. One of the most far-reaching aspects of the technological transformation of the workplace is the introduction of screen-based equipment (SBE).

Computers, word-processors, electronic display systems, microfiche and microfilm readers and similar devices are now being introduced into workplaces of all kinds, and are rapidly becoming standard equipment in a wide range of public service, business, administrative, retail and financial offices. Already, in advanced countries such as Sweden, nearly 20% of the workforce sit at a visual display unit of some sort at least once in an average working day, and this proportion is rising rapidly. Australia

development. This proportion (20%) would represent over 300,000 Australian workers.

It has always been known that the use of screen-based equipment can be harmful to the health of the operator, but until recently these problems were confined to a small number of specialist workers. The recent spectacular expansion of the workplace applications of SBE, however, has led to the occupational health and safety aspects of this equipment becoming a major industrial issue. Early model SBE was generally poorly designed, with little thought given to the health or comfort of the operator.

Initiatives in this area were taken by unions representing technical workers in Europe as early as the mid-70s. In Britain, the Association of Scientific, Technical and Managerial Staffs (ASTMS) issued guidelines to

its members on the hazards of SBE in 1978, and other unions followed. This had the effect of forcing manufacturers to make radical design revisions, and most equipment now on the market at least claims to have been designed on ergonomically-sound principles.

In Australia, many unions have now taken up SBE as an industrial issue. In particular, public service unions (such as the Administrative and Clerical Officers' Association (ACOA) and the Australian Public Service Association (APSA)) have engaged in long negotiations with the Public Service Board, and achieved an important breakthrough in the Tax Office. Within Telecom, the Australian Postal and Telecommunications Union (APTU) and the Australian Tele-

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communications Employees' Union (ATEA) and other unions have campaigned hard on issues related to SBE. Other unions in the fields of transport, broadcasting, printing, journalism, insurance, banking and administration have negotiated agreements with employers over the introduction of SBE, ensuring that the occupational health issues are dealt with *before* the introduction of the equipment, and not after.

What Is Screen-Based Equipment?

The term SBE refers to the new breed of information capturing, processing, storing or retrieving machines, machines that use a *display screen* as one of their components. They can be electronic, when the images on the screen are produced electronically (the screen is in fact a cathode-ray tube), or they can be optical, when the image is produced by a light source, mirrors and lenses, as in microfiche or microfilm readers.

The use of the most common form of SBE, visual display units (VDUs), is expanding rapidly. Computer terminals and VDUs are appearing in

banks, insurance offices, hospitals, newspaper offices and even supermarkets. VDUs are increasingly used in scientific, technical and engineering work. Many workers, such as phototypesetters, VDU proofreaders and even airline clerks, spend their whole working day in front of VDUs.

The Risks of Screen-Based Equipment

A great deal of controversy surrounds the actual or potential health hazards of SBE. While some authorities, and many employers, argue that it has not been "proven" that SBE is dangerous to the health of its operators, unions point out that this line of argument is inadequate in health issues. The same line was used for years about asbestos and other industrial killers.

The principal health problems associated to date with work on SBE are (in summary):

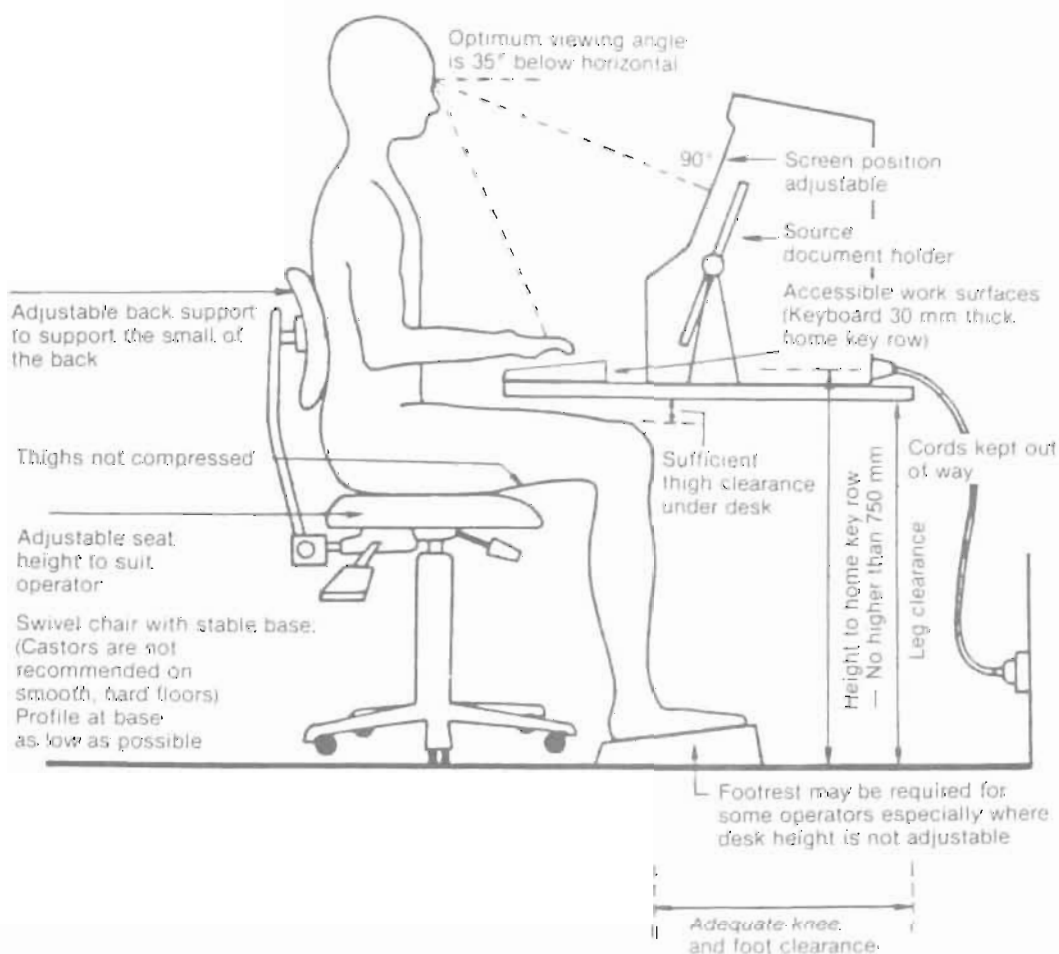
- **Ocular problems.** These include cataracts of the lens of the eye (caused by non-ionising radiation), eyestrain and shortsightedness (caused by screen characteristics and the visual environment).
- **Muscle and tendon problems.** These include, most notably,

repetitive strain injury (RSI) and other repetitive injuries of the fingers, hand, arm and shoulder (caused by excessive keystroke rates). They also include backache and muscle fatigue (caused by poorly-designed workstations, poor working environment and stressful work design).

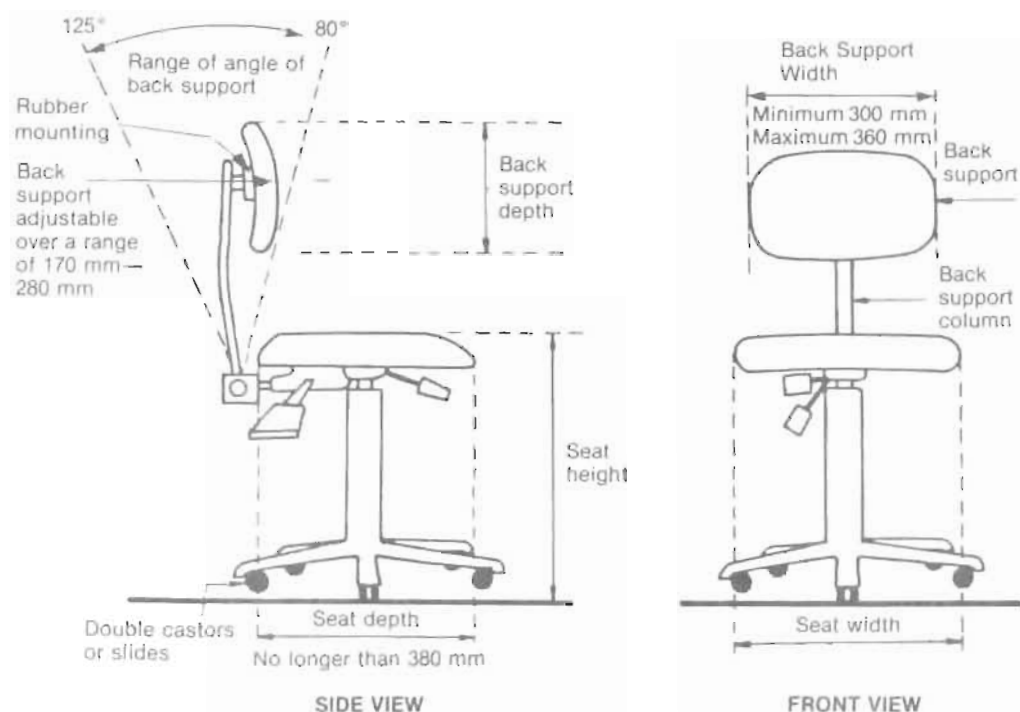
□ **Radiation problems.** These can include miscarriages, birth deformities, and skin problems (caused or aggravated by ionising radiation emission and electrical discharge).

□ **Cataracts.** A great deal of evidence has been published linking SBE use to cataracts. Cataracts are the consequence of the lens of the eye becoming opaque, and frequently lead to blindness. Cataracts are normally linked to diabetes or senility. Occupationally, the culprit is electromagnetic radiation, which is emitted by VDUs and some other kinds of SBE in small doses. Over a period of time this can affect the proteins in the lens of the eye, slowly "cooking" them in the same way a microwave oven cooks food, thus gradually turning the lens opaque. A number of cases of SBE-linked cataract have been successfully

GOOD WORKSTATION PRINCIPLES



EXAMPLE OF SUITABLE ADJUSTABLE CHAIR



litigated in the US.

Eyestrain. Two conditions, asthenopia (strain of the muscles of the eyeball) and accumulative spasm (temporary short-sightedness) have been linked to SBE use. They are caused by constant close visual work, constant refocussing of the eye, on-screen glare or reflection, and/or screen blurring, wobble or flicker. They can be aggravated by poor work-station design or poor posture.

□ Psychological problems. These include stress, depression and neurosis (caused by poor system and work design).

RSI. RSI is becoming one of the most vexed occupational health and safety issues in western countries. Although associated with many occupations, its links with SBE use, and especially VDU use, are increasingly clear. Two general classes of illness, muscle over-loading syndrome, and repetitive movement injuries, are commonly reported. These conditions often involve a painful inflammation of the tendons of the hand, wrist or forearm (tenosynovitis), or inflammation of the wrist, elbow or shoulder joints. They can be permanently incapacitating. They are associated with poor work-station design, poor working posture, and excessive keystroke rates (usually caused by productivity pressure from employers).

Large numbers of SBE-linked RSI cases have been litigated in Australia and other countries, and many workplaces have had to be completely

redesigned as a result of the compensation costs involved. Some employers have abandoned SBE technology as a result of RSI problems.

Other problems. A series of cases of unexplained miscarriages, premature births and birth deformities among SBE workers has been reported in the US, Canada and Europe, many of them in clusters at particular workplaces. While investigations have failed to demonstrate a link with SBE use, it has been suggested that ionising radiation or X-ray emission may be responsible. Skin problems, particularly facial rashes called "VDU sunburn" have also been reported from Norway, the UK and elsewhere. These are also believed to be due to radiation emission.

Dealing With SBE-Related Problems

Many Australian unions have negotiated agreements with employers concerning the introduction of SBE, and the elimination (or at least minimisation) of associated health risks. In May 1982 the ACTU and the Victorian Trades Hall Council issued a joint health and safety policy on SBE, including a series of recommendations for provisions to be included in such agreements. In summary, these were:

□ The introduction of SBE should not be accompanied by the creation of a job category such as "VDU operator". Jobs involving the use of

VDUs and other SBE should be spread around as much as possible. No-one should be required to spend more than half their working time using SBE.

□ Anyone required to use SBE as part of their job should receive basic training, on paid time, to become proficient in its operation, including advice on the likely hazards of the equipment. Follow-up training should be provided as and when required.

□ SBE should not be allowed to pace or monitor the operator, by logging errors or keystroke rates. Similarly, incentive payment systems linked to keystroke rates should be rejected.

□ SBE should only be introduced after an ergonomic assessment of the equipment and the working environment, and a medical assessment of anyone using it. Terminals should be grouped in small numbers; large rooms filled with rows of terminals should be rejected.

□ Once installed, SBE should receive regular maintenance and cleaning, and the environment should be monitored regularly for noise levels, heat and humidity conditions, and radiation levels.

Further reading

ACTU-VTHC Occupational Health and Safety Unit, *Health and Safety Bulletin No 12 (Guidelines for Working with Screen-Based Equipment)*, May 1982. Available from Trades Hall, PO Box 93 Carlton South 3053, Victoria.

Discussion

Reflections of a Socialist Entrepreneur (Part 1)

Seven years ago, at the age of 34, I decided to become a socialist entrepreneur.

It seemed like a logical calling to pursue. As a muckraking journalist, I'd flung my share of arrows at the big corporations, but inwardly feared they were invincible because no one else could deliver the goods (the cars, stereos, bananas, etc) we'd grown so accustomed to consuming. If the Left rejected corporate capitalism, I reasoned, we had to develop some workable alternatives, and a body of people who could carry them out.

I had also come to believe that revolution, in the apocalyptic sense, was neither likely to occur in America in my lifetime, nor the proper way to transform American society. Rather, it seemed to me that democratic alternatives to corporate capitalism would have to emerge within the womb of capitalism itself, much the way capitalist institutions once sprang to life inside a withering feudalism. This might take decades, perhaps even a century or two, but it seemed like the best way to preserve our democratic political heritage, as well as a realistic way for our economic system to evolve.

On top of all this, I concluded that I could never bring myself to hold a straight job. Ergo, why not create my own job? Or better yet, the kind of enterprise I would like to work for?

To be sure, I could see a few problems. First, there was my general innocence about business matters: I'd never deciphered a financial statement, much less met a payroll. Second, there was the matter of start-up capital, an especially sticky wicket when (a) you aren't rich, and (b) you believe that labor should control capital, not the other way around.

Finally, there was the whole question of how to embody non-capitalist philosophical values in the actual operation of a business. I liked to think of myself, quietly, as a democratic socialist, but I had only the vaguest idea of how democratic socialism might work in practice. I was not particularly attracted to countries that called themselves socialist, nor was I an ardent believer in state ownership or centralized planning. My concept of democratic socialism was based primarily on a set of simple values: privilege is generally

a bad thing, economic activity should be based on something more than the maximization of return on capital, and the workplace — where most people spend a third of their waking hours — should blend democracy with efficiency.

Could these values be translated into a business that could survive in a capitalist environment? I decided there was only one way to find out: to learn through experience, to overcome obstacles as I went along. So, along with five other like-minded souls, I started a business called The Solar Center.

My co-founders included two friends I had met while working for Senator Fred Harris, an architect who had written a book on solar energy, a contractor who had studied appropriate technology at the Farallones Institute, and, for respectability's sake, a salesman who had worked with IBM for twenty years. For start-up capital, we each chipped in \$5,000 (later we were able to borrow \$70,000 from friendly individuals). I took some basic business courses at a local community college and at the New School for

Democratic Management — and into the void we went.

In retrospect, our naivete in those early days was astounding. Our marketing ideas were, to put it benevolently, eclectic. We thought we would sell a little of everything (solar greenhouse kits, do-it-yourself "breakbox" water heaters, photovoltaic toys, books, our wide-ranging wisdom) and that our biggest problem would be turning away the thousands of solar enthusiasts who would beat a path to our door. When these expectations proved slightly off the mark, we decided to retain our first outside consultant: a tarot reader.

Our notions of how the business would operate were equally on the romantic side. I doubted that we'd have to buy a truck or rent a warehouse. I'd simply lend the company my pick-up when needed, and we'd use a friend's garage for storing things. In addition, we would rotate jobs and take a month off every summer to run rivers together.

Needless to say, this was not exactly the way things turned out. Still, our eager innocence was in many

The Cooperator

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ways a blessing, for it spurred us through a myriad of obstacles that would have deterred even the shrewdest capitalist. And, for about three years, we did lead a kind of dream-like existence. We worked hard but exuberantly for poverty-level wages, we played and socialized after work, we even rafted some spectacular rivers in the mountains of Idaho and northern California.

Eventually, though, the dream ended and the business began. We discovered a market niche — central solar water heating systems for apartment buildings — that made economic sense in urban and suburban San Francisco. We pioneered several ingenious ways to finance these systems so that apartment owners would enjoy immediate positive cash flow. We learned how to bid, design and manage commercial-scale projects costing hundreds of thousands of dollars; how to use cranes and computers and subcontractors and tax shelter brokers. We moved from a small office and a minuscule warehouse to an 8,000 square foot building with drive-in access for our six trucks. Our annual sales rose to about \$2 million, and we stayed current on all of our debts, including a \$110,000 expansion loan from the National Consumer Co-operative Bank.

Today, in short, we are a modestly successful business employing 25 people, all of whom are owners or on the track to becoming owners. Our incomes are respectable. Internally, we remain democratic, though our structure has changed significantly over the years.

To these collective results must be added the individual experiences of the people who have worked at The Solar Center. Everyone has a different set of lessons learned, of memories and reflections. What follow are some of mine, from my perspective as a founder and president for five years.

Ownerships

From the beginning, what most clearly distinguished our enterprise from traditional capitalist ones was ownership. Capitalism as it is practised today allows for three forms of ownership: the sole proprietorship, the partnership and the stock corporation. In all of these, ownership and control are linked to capital rather than to labor.

Our enterprise, while technically a stock corporation, was founded on the principle that ownership should be tied to labor. This was not just an abstract idea. It was rooted in the belief that people feel better about their work if they own what they produce, own the tools they use, own and control their workplace — in

short, if they work for themselves.

We also wanted to revive another aspect of ownership that is fast disappearing in modern capitalism: responsibility. Most corporate stockholders today are passive owners. They buy their stock, sign their proxy cards, and hope for the best. Management pretty much runs the show. By tying ownership to the workplace, to the people whose daily lives and livelihoods are most affected by the company's performance, we hoped to give owners the experience of direct responsibility, and managers the experience of direct accountability.

Still, ownership is not a simple thing. Ownership has its rewards, but it also involves risk, sacrifice, and patience. Owners of an enterprise must make an *investment*; they must put something *in* before they can get anything *out*, and they must be prepared to *defer* taking out for an unpredictable period of time.

One error the founders of our enterprise made was to underestimate the importance of sharing risks. We ourselves invested \$5,000 apiece and countless hours of unpaid time. Newer workers who hadn't made an initial investment tended to want maximum short-term pay, while our eyes were focussed on long-term viability.

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For several years we went back and forth about whether new employees should be required to make a cash investment in the business, and if so, how much. Eventually, despite much hesitation by employee-owners who had gotten aboard for free, we agreed on a required minimum investment of \$3,000. This amount was substantial enough to help the business and to be felt as a risk by owners, but not so large as to be prohibitive. To make it possible for workers without savings to become owners, we adopted a payroll deduction plan that allowed the investment to be spread over two years.

This decision was a life-saver. It not only improved our balance sheet at a time when we were in a hole, it also brought us together, in the way only shared risk can, gave everyone a stake in the future of the business, and made the concept of common ownership much more of a reality.

We also had to grapple with the problem of how, in an on-going business, new owners would be admitted and old owners disposed of. For the standard stock corporation, this isn't a problem: anyone can become an owner simply by buying stock on the open market, and can cease being an owner by selling the stock to someone else. Since ownership carries little responsibility or power, frequent turnover of owners doesn't affect the normal functioning of the business.

As a worker-owned business, we had to be more careful. On the incoming end, we needed to be sure that new owners were also good workers, and that they would not abuse the rights of ownership. On the exit side, we had to reward the investments made by owners without allowing our stock to be sold to absentee investors, or draining the company of cash. In between, we had to deal with the question of whether workers who were also owners could be fired.

Admitting new owners involved, first of all, selecting strangers from the Great Pool Out There. Besides trying to assess such qualities as skill, experience and motivation (which every business does when hiring) we also had to consider each applicant's philosophy, and decide whether to give priority to applicants who were low in skill but shared our co-operative philosophy, or to hire people for their skills and hope that our company's culture would rub off on them.

In practice, our hiring priorities alternated, and the results were good and bad both ways. Many of our

strongest people were, when they started, low on skills and high on commitment to the kind of business we were running. These people were always "over their heads," taking responsibilities they'd never had before, and rising, under pressure and with mistakes, to the challenges. (Perhaps our greatest success story was in the very first person we hired: a 19-year old woman, recently graduated from a Quaker high school, who began as an apprentice installer and four years later was running all our field operations and serving on our elected board.) On the other hand, many skilled but non-political employees quickly adapted to our structure, came to appreciate its virtues, and participated actively in the company's governance.

After hiring new employees, the next question was how and when they would get to share the risks, responsibilities and rewards of ownership. Initially, we established a probationary period of six months. As the business grew in size, it took longer for old workers to get to know new ones, so we extended the probationary period to one year.

The process of "becoming an owner" involved a formal meeting with current owners at the end of the probationary period. At these meetings there would be open and frank discussions of job performance, levels of commitment, and the meaning of ownership. If a new owner was accepted, she or he would begin purchasing stock, become eligible for profit-based bonuses and additional stock distributions, be entitled to vote and to serve on the elected board.

As it turned out, these periodic ownership meetings served as much to renew the motivation of older owners as to admit new owners. Many of my fondest memories are of ownership meetings at which weary old-timers were reminded by the enthusiasm of newcomers how much it can truly mean to be a co-equal owner of one's workplace.

Before an employee became an owner and made an investment, it was always understood that she or he could be fired, but confusion persisted about whether the company could fire people *after* they became owners. In fact, we shared a strong bias against firing or laying off owners, partly because we believed in giving people chances to redeem themselves; partly because, as a worker-owned business, we felt more obliged to preserve jobs than to earn profits; and partly because we were simply afraid to fire people.

Over time, however, we came to accept the reality that becoming an owner in a small, thinly capitalized business could not be a guarantee of

lifetime employment, and that firing people directly (after honest evaluation and due process) was better than the inevitable alternative of firing them indirectly through "bad vibes" and pressure to resign.

To be sure, getting fired was the rare way people left The Solar Center. More commonly, despite the incentive to stick around and help make one's investment rise in value, owners over the years voluntarily chose to move on to other activities. Whatever the reason for departure, we had to develop a method for "cashing out" exiting owners without decapitalizing the business. We accomplished this through an Employee Stock Ownership Trust (ESOT), about which more later. When an owner leaves (voluntarily or involuntarily) the ESOT redeems her or his stock at its book value, but spreads payment in monthly cheques over four years, with interest on the deferred portion. The departing owner thus receives an income stream that is paid for in part out of investments by incoming owners, and in part out of the on-going cash flow of the business.

Power

The two most sensitive subjects in any organization are power and money. In non-democratic organizations, power emanates from on-high and is exerted on those down below. Typically, as in the standard stock corporation, that power derives from money. Providers of money own and control the organization. Management is accountable to the providers of money, and tells the providers of labor what to do.

In a worker-owned business, managers are workers who specialize in managing. They have day-to-day authority over workers who specialize in other things, but they are also accountable to those workers, who retain the authority to make many basic policy decisions. The result is a kind of circular power structure which has worked well in countless organizations throughout the world, but which, because it is not part of our received culture or legal system, requires some getting used to.

When we started The Solar Center, the founders were not aware of the power-related problems we would encounter, or of the workable solutions to them. Our ignorance was blended with an idealistic '60s-type faith in "participatory democracy" — whatever that was. We thought it meant lots of meetings, with decisions made by consensus of all participants, and a loose organizational chart which allowed people to perform a variety of tasks.

We ran the business this way for about three years, and for most of that time it worked well. One key to this

success was that our core group members were all dogged workers who trusted each other implicitly. Another was that we rigorously held policy-making meetings on unpaid "owner's time" after regular working hours. This preserved daily productivity and helped keep meetings short and business-like.

Eventually, however, our consensual democracy began to break down. At staff meetings, an individual or a small minority would object to a policy or personnel decision, and prevent or delay the forward motion of the business. In daily operations, people who had responsibility for "getting things done" would feel frustrated by their lack of clear authority.

At the time, we were greatly perturbed both by the personal anguish these problems often caused, and by the feeling that some noble ideal had failed. In retrospect, it became clear that our experiment in consensual democracy worked well when we were small, cohesive and zealous, and began to sputter after we added people with different viewpoints and clashing ambitions, and got tired of so many meetings. Nothing ignoble was involved in this sputtering; it simply reflected our need for a more sophisticated structure that blended our democratic values with new operational realities.

Beginning towards the end of our third year, we embarked on what amounted to the writing of a constitution. This was not a one-time event so much as an on-going process that moved forward in periodic spurts while we were carrying on the business. It made me greatly appreciate what the Founding Fathers accomplished at Philadelphia, for it is no simple matter for people to design a system to govern themselves. It also made me realize that, while collective constitution-writing is a fascinating experience, it is highly advantageous to have most of this work done *before* rather than *after* starting a business.

What we sought to do in our new structure was to establish a permanent process for admitting new owners and buying out old ones; to delegate authority to people who were elected by and accountable to the employee-owners; to distinguish between policy decisions, which would be made by the elected representatives or by all the owners, and administrative decisions, which would be made by managers; to prevent "tyranny of a minority", while assuring that consensus on major policy decisions would be sought before voting would occur; and to equalize voting power, regardless of how much stock people owned.

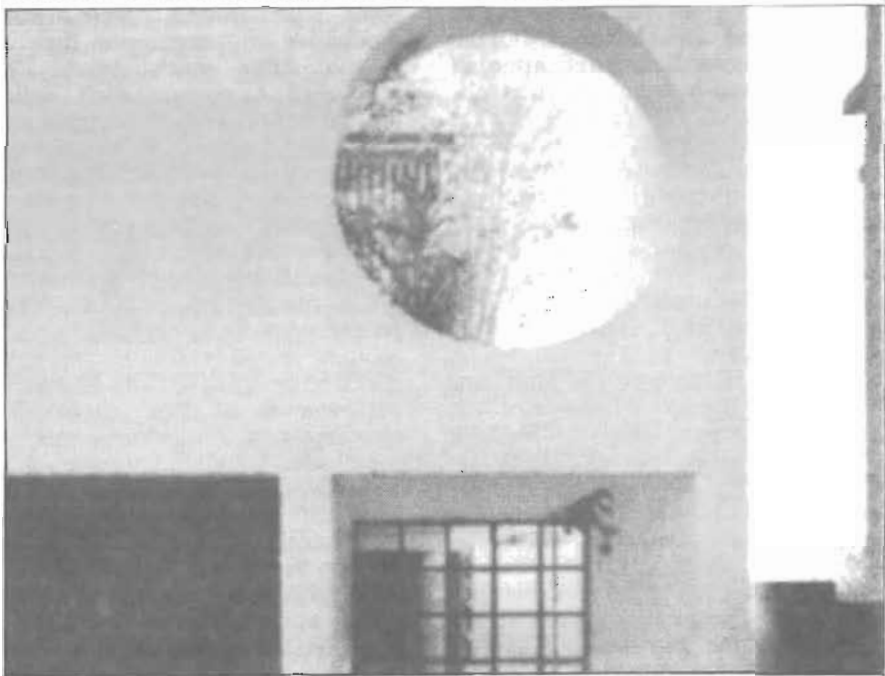
The legal vehicle we chose to

implement these goals was the Employee Stock Ownership Trust. ESOTs were the brainchild of Louis Kelso, a San Francisco lawyer who thought workers should acquire equity in their own companies, though not voting power; Congress liked the idea and provided some tax breaks for corporations with ESOTs.

We took the ESOT model and adapted it to our purposes. We required the company's stock to be entirely owned by the ESOT on behalf of the employees; the founders' stock was thereupon transferred to the ESOT. Within the ESOT, all employee-owners were given separate accounts to hold both their purchased stock and additional "sweat" stock that would be distributed each year. When voting occurred, each owner had one vote, regardless of the amount of stock in her or his account. We would try to reach consensus on important decisions, but if consensus could not

Our mood was festive. Did anyone have second thoughts, now that we had a successful business on our hands? No, none of us did — or at least if we did, we didn't express them. We joked about how we might come to regret this "give-away" some day, but the truth was that we each felt happier about yielding power in this equitable manner we had developed, than we did about hanging on to it.

At the same time we were changing our ownership and voting structure, we were also streamlining our management and administration. Instead of the weekly staff meetings we had during the first few years, at which a multitude of decisions were made, we cut back to monthly staff meetings which were primarily informational. Twice a year, we had full-day staff retreats at which goals for the following six months were set and major issues (growth, structural changes and compensation policy) were discussed.



be reached after all views had been heard, a two-thirds majority, with no proxies, would prevail.

A crucial step in this constitution-writing process was the agreement of the founders to transfer their stock to the new ESOT, with its one person, one vote rule. It astonishes me now how little hesitation there was. The founders (minus the ex-IBM salesman, who hadn't been able to sell solar) went out to dinner at our favorite Salvadorean restaurant. The subject on the table was, quite explicitly, the yielding of power. In the eyes of the state, we still owned virtually all the corporate stock, with the voting rights that went along. It had always been our intention to build a *co-operatively owned business*, but this was the moment of truth.

At other times, direction of the company was put in the hands of an elected board, which hired (and could fire) a chief executive officer. The CEO, in turn, hired (and could fire) department heads, who were responsible for running their departments in accordance with overall business objectives. Our operating philosophy became: if someone is responsible for getting something done, she or he must have the authority necessary to carry out that responsibility.

These changes were adopted, over time, amidst grumbling that, as worker-owners, we were disfranchising ourselves and becoming more hierarchical and

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management-run, but after the initial shock wore off almost everyone agreed that the business ran better, and that what we had done was not abandon democracy but make a necessary a shift from direct to representational democracy; not the distant kind we associated with political institutions, but a much more intimate kind in which our elected representatives were co-workers we saw almost every day.

The problem of circularity (manifested, for example, in the situation where workers on the board, as directors, evaluated the CEO's performance, while the CEO evaluated the board members' performance as workers) did not in practice turn out to be difficult. We became adept at wearing several hats, and remembering which hat we were wearing at any given time. In fact, the experience of frequently putting on our "owner's hat" and of having to balance long-term objectives with the desire for immediate gratification, of practising self-restraint as well as self-reward, was an educational one for almost everyone. It also helped us avoid the disruptions that invariably arise from the alternative to employee-ownership: adversarial labor-management relations.

Money

The other supremely sensitive issue in organisations and societies is how much money people get. The questions, if taken to the limit, are profound. Are some people worth more than others? If so, why? By how much? And who decides?

In standard capitalist enterprises, these questions rarely get asked. It is indisputable and accepted that some people are worth vastly more than others. It is equally indisputable that the surplus earnings of the enterprise belong to the providers of capital rather than the providers of labor. Management is given wide latitude in setting the wages paid to workers as well as the compensation offered to managers. The only limiting factors are the labor market, the power of labor unions, and the profitability of the firm. Ethical or philosophical considerations are largely irrelevant.

In our company, by contrast, these profound questions were raised continuously — and the decision-makers were the workers. Over the years, our answers changed, but what remained constant was our ability to base our answers on a balancing of practicality and ethics, on what we believed to be in our best interests and what we believed to be just.

When we started, the founders thought that all workers should

receive the same compensation. Installers, sales people, engineers, administrators — we were all equally valuable, equally dedicated, and equally worthy of reward. The debate that raged in the early years was whether some workers should receive more than others on the basis of need, which we primarily defined by the number of children a worker had. The prevailing view at the time (perhaps because most of us were single) was that pay should be tied to a person's contribution to the workplace, not to outside needs. We strove to make everyone's pay high enough so that need would not impinge too heavily on anyone.

As time passed, we did increase everyone's earnings, but the issue of equality lingered. It became evident that some people were working harder, had greater skills, and/or could command more money on the outside than others. We also had a problem of motivating sales people; some, we found, were more productive on commission than on salary. After much debate, we developed a compensation policy based on the following principles:

- Pay differentials were justifiable based on skill and performance, but no member of the enterprise could receive more than two times what any other member received.

- Installers would be paid hourly, office people monthly, and sales people on commission, but wages, salaries and commission schedules would be designed so that comparable performance received comparable compensation. (In other words, an excellent installer would earn approximately the same as an excellent sales person, while an apprentice installer would earn less than an experienced installer.)

The effect of this policy was that people at the lower end of the 2-to-1 range tended to earn about what the market would pay them elsewhere, while top sales people and managers tended to earn less than their market potential. Inevitably there were dissatisfactions, but these were offset by the overall feeling of solidarity that our compensation policy gave us, and by the fact that we'd established our differentials democratically.

Distribution of profits was a less controversial subject, probably because for many years there were no profits to distribute. We never doubted that profits (despite their capitalist connotations) were a good thing. While they were not an end in themselves, we needed profits to survive as a co-operative enterprise, to build a cushion for hard times, and to have the opportunity to grow. When we finally recorded a respectable surplus after five years, our sense of

pride was palpable, and the issue of how to distribute profits moved to the fore.

The first set of questions we had to decide was how much of our profits we should retain in the business, how much we should divide among ourselves, and how much, if any, we should contribute to the community. The next set of questions was the basis on which we should divide profits among ourselves. Should the division be on the basis of salary? Of time worked during the year profits were earned? Total time worked for the company, including previous years? Or dollars invested in the business? In addition to the philosophical and inter-personal implications of these questions, we had to consider the financial and tax consequences as well.

We also recognized that, despite our formal hierarchy, we retained in practice an extremely democratic culture. Managers and board members consulted widely with their co-workers before making important decisions. Most importantly, information about all aspects of the business was not only accessible to everyone but actively disseminated.

Committees were formed to research the various options. The entire staff then met one evening to decide the final profit-sharing formulas. The discussion was orderly, the decisions were responsible and fair. We agreed to retain 70 per cent of our profits in the business, distribute 25 per cent to ourselves and 5 per cent to progressive community groups such as a center for battered women and a food program for the needy. The amount we distributed to ourselves was divided among worker-owners according to the following formula: one-third based on months worked during the year in which the profit was earned; one-third based on total months worked, including previous years; and one-third based on cash invested. Our reasons were that we wanted profit-sharing to equalize disparities in regular compensation; to reward people for their "sweat" investment during unprofitable years; and to provide an incentive for cash investment.

What was more significant than the actual formulas was the sheer phenomenon of the debate itself — the act of a group of workers sitting down at the end of a year and deciding how to divide the fruits of their labor. I remember thinking to myself how extraordinary this scene was, how unthinkable within the context of capitalism as we know it, yet how logical, how satisfying, how right! In a very real sense, this was what socialist entrepreneurship was all about.

• Peter Barnes

Reviews

Worker Co-ops In France

Les Co-operatives ouvrières de production en France et dans la CEE (Worker Producer Co-operatives in France and in the EEC)
La Documentation Française, Paris, November 1982

Because so little is known about worker co-operatives in Europe and the relative paucity of information in the English language, this review will consist more of an explanation of the contents of this booklet than an actual critique. Published 18 months after the Mitterand socialist government was elected to office, this booklet surveys and analyses the growth and significance of the worker co-operative movement in France and the European Community. It also looks at the policies of the government as they relate to co-operatives and the contribution they make to the development of the worker co-operative movement.

Co-operative Policy of the Mitterand Government

The French apply the term "social economy" (*"l'économie sociale"*) to the co-operative, mutual and credit society movements, and this terminology will be followed in this article.

One of the first acts of the incoming government was to establish a "Consultative Committee on the Social Economy", chaired by M Michel Rocard, Minister of State for Economic Planning (June 1981). This was followed in December 1981 by the creation of the Interministerial Delegation to the Social Economy, which was charged with the tasks of liaison between the government and the social economy, with coordination of government policies between ministries, and with determining the legislative program with regard to the social economy.

Pierre Roussel outlines the two principal ideas motivating policies for the development of the social economy as being:

"to improve the juridical, fiscal and financial framework of the enterprises of the social economy in order to adapt it to present needs, to allow the enterprises to compete as do other enterprises, and to facilitate the strengthening of internal democracy

in the movements, while respecting their independence", and "to encourage financially these enterprises while remaining aware of their diverse specificities, and, notably, to ensure that measures adopted for the distribution of public assistance [to industry] are administered so as not to exclude these enterprises; and to remedy the fundamental handicap, which in a market economy results in discrimination at the expense of the non-financial sectors of the social economy and which leads to a structural difficulty in their procuring adequate funds" (p 7).

In June 1982, the Interministerial Delegation adopted a legislative program containing four proposals:

□ Amendment of the statute for maritime co-operatives and its harmonisation with those of other

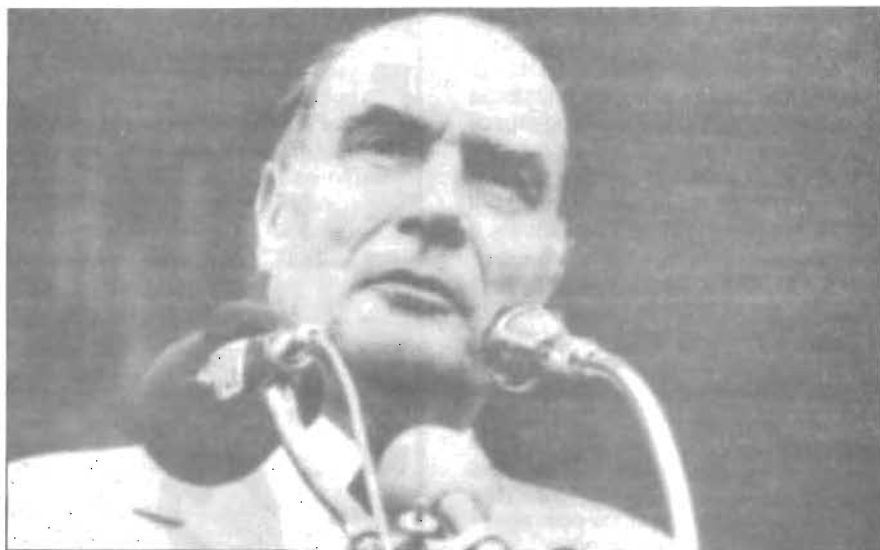
was seen as having three main functions:

□ The regulation, the co-ordination and the institutionalisation of spontaneous self-management initiatives,

□ The animation or reanimation of local collectivities and the regional economic fabric,

□ The strengthening of production and service enterprises (p 9).

Thus, in 1981-82, the Delegation assigned four-fifths of its budget, some FF5,000,000, to the *Federation des GCOP* (the French Worker Co-operative Association) to assist it at three levels. First, to assist at the level of the creation of new worker co-operatives, in financing studies needed for the establishment, feasibility studies and enterprise plans. Second, to create a specific cell of "managers", the management problems in worker co-operatives being very important. This was created in September 1982, and is called the Support and Development Unit. It will be able, among other things, to carry out inspections. These



French President Francois Mitterand

types of co-operatives.

□ Extension of the competencies of worker co-operatives,

□ Provision for transfers of co-operative societies, bringing them into line with mutual societies and associations,

□ Modification of the distribution of the "common shares" of co-operatives (p 8).

The development of the worker co-operative movement was seen as particularly important because of the government's priorities in the fight against unemployment, the creation of full employment through local initiatives and collective utility, the modification of social relations within enterprises, and the improvement of the quality of life and work.

In this regard worker co-operatives

"managers", persons with high-level skills, will be sent by the Confederation to manage co-operatives in difficulty or in establishment, for the time necessary for the problems to be solved or for a definitive management to be put in place. And third, to increase the effective personnel of the Confederation at the regional level, leading to the systematic and regular establishment of diagnoses, to know in an on-going fashion the condition of enterprises and the remedies that may need to be applied. This structure is carried out on a national level by the Confederation (p 9).

(To be concluded next issue)

• Jim Asker

MACC Interim Report

*Worker Co-operatives
An Interim Report to the Ministerial
Advisory Committee on Co-
operation, from the Worker Co-
operatives Working Party.
February 1985*

"We, the producers of all real wealth, have been, and now are, held in disesteem; while the unproductive, useless and injurious members of society riot to their own hurt in riches, and are trained to consider us their servants and slaves. By these ignorant and unnatural proceedings, the Earth and his own nature have been made the perpetual source of evil instead of good to man."

With this quotation from Robert Owen, Scottish pioneer of co-operative socialism, the Working Party on Worker Co-operatives introduces its interim report to the Victorian Ministerial Working Party on Co-operation (MACC). It is accompanied by quotations from John Stuart Mill and the Manifesto of the First International. However, this note of high political idealism is not really a reflection of the contents of the report itself, which is very much a nuts-and-bolts document.

The Working Party was set up in July 1984, and is made up of members of nine worker co-operatives, along with representatives of the Ministries of Employment and Training (now Employment and Industrial Relations) and Housing. The Interim Report concerns itself with three areas of policy formulation in the development of worker co-operatives and their relationship with Government. They are, the legislative framework within which co-operatives have to operate, the ways in which Government can assist in the development of the co-operative movement, and the ways in which the co-operative movement can contribute to Government in areas such as employment and social policy.

On the question of legislation, the report notes that the principal requirement is for legislation that permits co-operatives to work in accordance with co-operative principles, and without impediments to their efficient functioning. It argues that any legislation dealing with co-operatives should include a definition of a co-operative, making it clear that co-operative enterprises are part of neither the private nor the public

sector. It cites the French Worker Co-operative Act as a good example of a working definition of a co-operative:

"Worker co-operative productive societies are formed by workers of all categories and professional formations, associated in order to exercise their professions in common in an enterprise which they manage either directly or through delegates appointed by them from among their number. The members associate and choose themselves freely. They have equal powers unaffected by the capital contributed by each of them."

Dealing with the question of Government assistance to the co-operative movement, the report points out that "while the stimulation of co-operative development must be the responsibility of the movement itself, the State must play a positive role in this through legislation and through

the provision of technical and financial assistance". The report examines the problems of ensuring that co-operative development is based on co-operative philosophy and principles, and looks at the complex relationship between worker co-operatives and the trade union movement.

The report also looks at the areas in which co-operatives can assist Government in the achievement of other aspects of economic and social policy. Areas identified include the introduction of high technology, job creation, employee services, housing and food policy, the development of industrial democracy, and the countering of concentration of capital and ownership. Finally, the report supports the establishment of a co-operative bank (while noting the difficulties involved) and of a co-operative education and training association.

Worker Co-operatives

An Interim Report To The Ministerial Advisory Committee On Co-operation From The Worker Co-operatives Working Party

February 1985

Learning To Be Free

Democracy Through Education: The Development of Co-operative Education and Training in Victoria

Geoffrey Meredith and Brian Greer

December 1984

This report was commissioned in 1984 by the Victorian Ministerial Advisory Committee on Co-operation (MACC). The authors were asked to identify current Victorian co-operative education and training needs, to outline options for meeting the needs of the different types of co-operatives, and to make recommendations for an appropriate education base for the long-term development of the co-operative sector and movement. The result is 200-odd pages of research findings, documents, tables, references and recommendations. This will be, as they say in the classics, a seminal work in the field of co-operative education.

The report begins by identifying the existing and potential target audiences for co-operative education

and training. These are identified as, firstly, **potential co-operators**, people who would, if they were more aware of co-operatives, support or join a co-operative. This group includes just about everybody, since it is defined as including "the school population" and "the general public", but also contains more specific groups such as tertiary students and employees in commerce, industry and government. Secondly, a group called **multiplier agents** are identified. These are people such as accountants, solicitors and consultants, who have significant influence on large numbers of clients. Other target groups are **committed intenders**, (people who have already decided to form or join a co-operative, and **members, directors, managers and employees of existing co-operatives**.

The report then gives an overview of the existing arrangements for co-operative education and training in Victoria, including the services provided by the Victorian Credit Co-operative Association, the Holmesglen and Preston Colleges of TAFE and the Ministry of Employment and Training (now Employment and Industrial Relations). The authors conclude that the co-operative sector in Victoria is static or declining, and that this is partly because co-operative education and training in Victoria "is

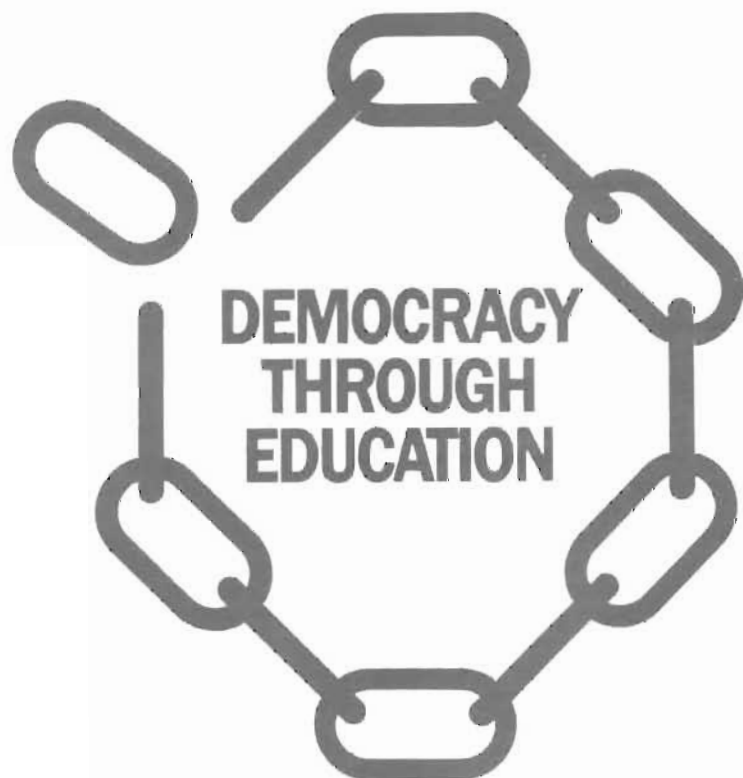
minimal and has had little impact".

Starting from this finding, the report then outlines a series of possible courses for the development of a co-operative education and training strategy in Victoria. This includes the development of award courses and short courses for the various target audiences, aimed at increasing awareness and understanding of co-operative principles and operations, and underpinned by co-operative ideology. The authors recommend that Colleges of Advanced Education in Melbourne and country areas be encouraged to add co-operative units to relevant undergraduate programs, and that at least one Victorian University be assisted to establish co-operative course units, as well as to introduce a post-graduate Diploma or Masters Award in co-operative studies.

The report also recommends that work begin in 1985 to developing a program of co-operative education in schools, and that other bodies such as institutes of management, TUTA, the Co-operative Federation and the small Business Development Corporation be encouraged to establish short courses for co-operative target audiences.

Finally, the report recommends the establishment of a Co-operative Education and Training Authority (CETA), to be an incorporated body controlled by the co-operative movement, with membership including personnel from the co-operative education and training committee of each of the various types of co-operative, and from MACC (or its proposed successor, the Victorian Co-operative Council). They recommend that CETA should be responsible for assisting education and training committees of the various types of co-operatives, for establishing education and training in areas not covered by these committees, such as school education and award courses, the operation of introductory courses on co-operatives, and the interchange of people and ideas between Victorian and interstate and overseas co-operatives. The report estimates the annual cost of CETA at \$100,000, but also calls for funding for the educational work of specific co-operative sectors such as food, worker, and rental housing co-operatives.

Democracy Through Education represents a significant step forward in the development of an educational strategy for the co-operative movement and sector in Victoria. It includes a comprehensive reference section, which will be of use to co-operative members who wish to read further into this subject.



The Development of Co-operative Education & Training in Victoria

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